

**CITY OF LUCAS, KANSAS**  
**FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT**  
**For the Year Ended December 31, 2015**

# GUDENKAUF & MALONE, INC.

## Shareholder

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## Shareholder

James Malone, CPA

### **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Lucas, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Lucas, Kansas, a municipality, as of and for the year ended December 31, 2015 and the related notes to the financial statement.

#### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note A of the financial statement, the financial statement is prepared by the City of Lucas, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Lucas, Kansas as of December 31, 2015, or changes in financial position and cash flows thereof for the year then ended.

*Unmodified Opinion on Regulatory Basis of Accounting*

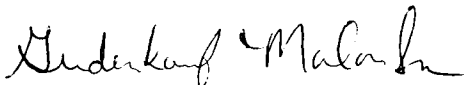
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Lucas, Kansas as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

*Other Matters*

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the 2015 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement. We rendered an unmodified opinion on the 2014 basic financial statement on September 3, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/officers/chief-financial-officer/municipal-services>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note A.



Gudenkauf & Malone, Inc.

July 27, 2016

Russell, Kansas

# **CITY OF LUCAS, KANSAS**

**For the Year Ended December 31, 2015**

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**CITY OF LUCAS, KANSAS**

**Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2015**

**Statement 1**

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payables	Ending Cash Balance
GENERAL FUND	\$ 29,783	\$ -	\$ 314,724	\$ 318,936	\$ 25,571	\$ 3,820	\$ 29,391
SPECIAL PURPOSE FUNDS							
Library	25	-	8,851	8,851	25	-	25
Airport	2,210	-	4,229	2,245	4,194	-	4,194
Industrial Development	468	-	9,885	10,000	353	-	353
Special Highway	2,609	-	10,285	10,210	2,684	-	2,684
Total Special Purpose Funds	5,312	-	33,250	31,306	7,256	-	7,256
TRUST FUND							
McCrystal Trust	-	-	4,731	4,548	183	-	183
BUSINESS FUNDS							
Electric Utility	107,129	-	599,609	585,960	120,778	61,032	181,810
Electric Utility Reserve	36,720	-	-	-	36,720	-	36,720
Sewer Utility	4,359	-	67,272	56,025	15,606	393	15,999
Sewer Utility Reserve	2,000	-	-	-	2,000	-	2,000
Water Utility	49,718	-	85,626	83,105	52,239	5,755	57,994
Water Utility Reserve	22,000	-	-	-	22,000	-	22,000
Sanitation Utility	3,831	-	46,500	46,830	3,501	-	3,501
Total Business Funds	225,757	-	799,007	771,920	252,844	67,180	320,024
Total reporting Entity (Excluding Agency Funds)	<u>\$ 260,852</u>	<u>\$ -</u>	<u>\$ 1,151,712</u>	<u>\$ 1,126,710</u>	<u>\$ 285,854</u>	<u>\$ 71,000</u>	<u>\$ 356,854</u>
Composition of Cash:							
				Checking Account			\$ 121,854
				Certificates of Deposit			235,000
				Total reporting Entity (Excluding Agency Funds)			<u>\$ 356,854</u>

The notes to the financial statement are an integral part of this statement.

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**Year Ended December 31, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Municipal Financial Reporting Entity***

The City of Lucas, located in Russell County, Kansas, was incorporated in the late 1880's. Lucas engages in a minimal range of municipal services, including general government administration, water, sewer, electric, and refuse services for the residents of the City.

The City of Lucas is a municipal corporation governed by an elected six-member City Council comprised of the Mayor and five at large members. The regulatory financial statement presents the City of Lucas, Kansas (the municipality) and does not include the following Related Municipal Entity:

**Lucas Library.** The City of Lucas' Public Library board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

***Regulatory Basis Fund Types***

**General fund** - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

**Special Purpose fund** - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

**Bond and Interest fund** - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Capital project fund** - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

**Business fund** – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

**Trust fund** – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

**Agency fund** – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.)

***Basis of Presentation and Basis of Accounting***

***Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.*** The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**Year Ended December 31, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

***Budgetary Information***

Kansas statutes require that an annual budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds:

Electric Reserve Fund      Water Reserve Fund      Sewer Reserve Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**Year Ended December 31, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Reimbursements***

The City of Lucas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

***Property Taxes***

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County appraiser annually determines assessed valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are assessed on a calendar year basis and become a lien on property on November 1 of each year. The taxes are due one-half on December 20<sup>th</sup> and one-half the following May 10<sup>th</sup>. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current operation of the City and therefore are not susceptible to accrual.

Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statement taken as a whole.

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Compliance with Kansas Statute***

K.S.A. 12-1608 requires that the treasurer of a city of the third class shall file an annual statement showing beginning and ending cash balances, receipts, and expenditures of each fund. The statement is to be published within 30 days after December 31 of each year. The annual statement for 2015 was published in February of 2016.

The City is not aware of any other non-compliance with Kansas Statutes.

**NOTE C – DEPOSITS & INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.



**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**Year Ended December 31, 2015**

**NOTE C – DEPOSITS & INVESTMENTS, CONTINUED**

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2015.

At December 31, 2015, the City's carrying amount of deposits was \$356,854, and the bank balance was \$368,879. The difference between the carrying amount and the bank balances is outstanding checks and deposits in transit. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$118,879 was collateralized with securities held by the pledging financial institutions' agent in the City's name.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE D – OTHER LONG TERM OBLIGATIONS FROM OPERATIONS**

***Other post employment benefits***

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

***Compensated Absences***

Seasonal employees are not eligible to earn compensated absences. Regular full time employees working 40 hours per week will earn 3.69 hours of sick leave per every 80 hours worked. Part time employees working 30 hours per week will earn 2.77 hours per 60 hours worked. Total accrued vacation at December 31, 2015 was \$2,661.

Thirty-six days of sick leave may be carried forward to the following year. An employee that terminates in good standing will be paid for unused sick leave up to 36 days at 1/2 their regular pay rate. Sick leave begins accruing on the first day of employment. Total accrued sick leave at December 31, 2015 was \$9,519.

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**Year Ended December 31, 2015**

**NOTE D – OTHER LONG TERM OBLIGATIONS FROM OPERATIONS, CONTINUED**

Regular full time employees earn vacation at the following rates:

<u>Years of Continued Employment</u>	<u>Hours Earned Per 2 Week Pay Period</u>	<u>Equivalent Work Days</u>
1st year	1.538	To be calculated
2-4	1.538	5
5-10	3.077	10
11+	4.615	15

Eighty hours of vacation leave may be carried forward to the following year. An employee that terminates in good standing will be paid for unused vacation leave. Vacation leave begins accruing on the first day of employment, but is not available to use until after the 90 day probationary period.

Bereavement leave of 3-5 days is available to regular full time employees, depending upon their relationship to the deceased.

**NOTE E – DEFINED BENEFIT PENSION PLAN**

*Plan description.* The City of Lucas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the .85% contribution rate for Death and Disability Program) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2015. Contributions to the pension plan from the City of Lucas were \$12,311 for the year ended December 31, 2015.

**Net Pension Liability**

At December 31, 2015, the City of Lucas's proportionate share of the collective net pension liability reported by KPERS was \$105,700. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The City of Lucas's proportion of the net pension liability was based on the ratio of the City of Lucas's contributions to KPERS, relative to the total employer and non-

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**Year Ended December 31, 2015**

**NOTE E – DEFINED BENEFIT PENSION PLAN, CONTINUED**

employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

**NOTE F – CLAIMS AND JUDGEMENTS**

***Risk Management***

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City continues to carry commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years

**NOTE G – RELATED PARTY TRANSACTIONS**

In a governmental engagement, related parties include members of the governing body, board members, administrative officials, and immediate families of administrative officials, board members, and members of the governing body. Required disclosures on related party transactions do not include compensation arrangements, expense allowances and similar items incurred in the ordinary course of operations. The following are not required to be reported, but are presented for information only.

	<u>2015</u>
Angel Accounting	874
Ryan Cook, treasurer	
Employee	
 Bennington State Bank	 720
Trent Leach, council member	
Spouse is an employee	
 Leach & Naegele	 4,606
Trent Leach, council member	
Owner	
 Lucas Area Chamber of Commerce	 10,000
Tarry Dougherty, council member	
Spouse is an employee	
 Lucas Publishing	 1,795
Gary Bretz, employee	
Spouse is an employee	

**NOTE H – INDUSTRIAL REVENUE BONDS**

K.S.A. 12-1740 authorizes the City to issue Industrial Revenue Bonds to acquire, remodel, improve and equip certain facilities for commercial and industrial purposes and to enter into leases and lease-purchase agreements with any firm or corporation for such facilities.

**CITY OF LUCAS, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**Year Ended December 31, 2015**

**NOTE H – INDUSTRIAL REVENUE BONDS, CONTINUED**

In December 2007, the council approved Ordinance No. 372 authorizing the City to issue IRB's Series A, 2007 and Series B, 2007 (Great Plains Manufacturing, Inc.) in the aggregate principal amount of \$2,100,000. The City will accept ownership of the property and will lease it back to Great Plains Manufacturing, Inc. At the end of 2015 the principal balance of bond issuance Great Plains 07A was \$409,041 and bond issuance Great Plains 07B was \$0. The City, as issuer, has no obligation for the debt beyond the resources received from the third party.

**NOTE I – SUBSEQUENT EVENTS**

The City entered into a contract for services required to close and clean up dump site #3 for \$69,500.0 The contract became effective January 29, 2016 upon signature of a contract with the Kansas Department of Health and Environment for reimbursement for actual expenditures not to exceed \$69,500.

On June 1, 2016, the City closed on the sale of the rest home. Sales price \$60,000, net proceeds of \$57,679 were allocated to the General Fund.

In 2016, the City received \$40,000 from the Hansen Foundation for construction and improvements at the ball field.

In June 2016, the City purchased 9 lots in Lucas for a possible Civic Center/Community Building. A pre-application to USDA Rural Development Funding for a Civic Center/Community Center Building was approved and signed.

Management has evaluated the effects of the financial statement of subsequent events occurring through July 27, 2016 which is the date at which the financial statement was available to be issued.

REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2015

# CITY OF LUCAS, KANSAS

## Summary of Expenditures - Actual and Budget Regulatory Basis For the Year Ended December 31, 2015

**Schedule 1**

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance (Under) Over
<b>Governmental Type Funds:</b>					
General	\$ 229,478	\$ 160,569	\$ 390,047	\$ 318,936	\$ (71,111)
<b>Special Purpose Funds</b>					
Library	9,000	-	9,000	8,851	(149)
Airport	4,800	-	4,800	2,245	(2,555)
Industrial Development	11,000	-	11,000	10,000	(1,000)
Special Highway	10,210	-	10,210	10,210	-
<b>Business Funds</b>					
Electric Utility	871,315	-	871,315	585,960	(285,355)
Sewer Utility	82,967	-	82,967	56,025	(26,942)
Water Utility	165,043	-	165,043	83,105	(81,938)
Sanitation Utility	60,688	-	60,688	46,830	(13,858)
<b>Total</b>	<u>\$ 1,444,501</u>	<u>\$ 160,569</u>	<u>\$ 1,605,070</u>	<u>\$ 1,122,162</u>	<u>\$ (482,908)</u>

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-1**

**GENERAL**

		2015		Variance Over (Under)
	2014 Actual	Actual	Budget	
<b>Receipts</b>				
Ad valorem tax	\$ 36,255	\$ 34,238	\$ 34,958	\$ (720)
Motor vehicle tax	8,466	10,248	8,159	2,089
Licenses and permits	1,233	1,036	1,800	(764)
Sales tax	54,837	51,051	54,000	(2,949)
Franchise tax	11,785	8,722	12,000	(3,278)
Intangible tax	971	809	619	190
Alcoholic liquor tax	399	-	-	-
Rental Income	7,303	7,733	8,000	(267)
Grants and reimbursements	500	30,000	1,750	28,250
Municipal court	400	-	-	-
Interest on idle funds	429	301	500	(199)
Sale of Asset	-	13,200	-	13,200
Miscellaneous	3,738	7,461	2,200	5,261
Insurance Receipts	-	149,925	-	149,925
Transfer from Electric Utility	40,000	-	55,000	(55,000)
<b>Total Receipts</b>	<u>166,316</u>	<u>314,724</u>	<u>\$ 178,986</u>	<u>\$ 135,738</u>
<b>Expenditures</b>				
Personal services	28,964	49,006	55,000	\$ (5,994)
Employee benefits	17,307	29,327	30,250	(923)
Library	923	210	3,600	(3,390)
Contractual services	59,502	46,638	32,850	13,788
Commodities	14,868	18,193	39,528	(21,335)
Capital Outlay	50,014	6,659	45,750	(39,091)
*Park Equipment	-	28,680	-	28,680
*Insurance Proceed Repairs	-	131,889	-	131,889
Street Maintenance	14,276	8,334	22,500	(14,166)
<b>Total Expenditures</b>	<u>185,854</u>	<u>318,936</u>	<u>\$ 229,478</u>	<u>\$ 89,458</u>

\* Qualify for Budget Credit

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-1**

**GENERAL**

	2014 Actual	2015		Variance Over (Under)
		Actual	Budget	
Adjustment for Qualifying Budget Credit	-	-	160,569	(160,569)
Total Expenditures	185,854	318,936	\$ 390,047	\$ (71,111)
Receipts Over (Under) Expenditures	(19,538)	(4,212)		
Unencumbered Cash, Beginning	49,321	29,783		
Unencumbered Cash, Ending	\$ 29,783	\$ 25,571		



# CITY OF LUCAS, KANSAS

## Schedule of Receipts and Expenditures - Actual and Budget Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

Schedule 2-2

### LIBRARY FUND

		2015		Variance
	2014			Over
	Actual	Actual	Budget	(Under)
Receipts				
Ad valorem tax	\$ 5,861	\$ 7,350	\$ 7,506	\$ (156)
Motor vehicle tax	1,116	1,371	1,326	45
State tax receipts	131	130	-	130
Total Receipts	<u>7,108</u>	<u>8,851</u>	<u>\$ 8,832</u>	<u>\$ 19</u>
Expenditures				
Appropriations	<u>7,248</u>	<u>8,851</u>	<u>9,000</u>	<u>(149)</u>
Total Expenditures	<u>7,248</u>	<u>8,851</u>	<u>\$ 9,000</u>	<u>\$ (149)</u>
Receipts Over (Under) Expenditures	(140)	-		
Unencumbered Cash, Beginning	<u>165</u>	<u>25</u>		
Unencumbered Cash, Ending	<u>\$ 25</u>	<u>\$ 25</u>		

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-3**

**AIRPORT FUND**

		2015		
	2014			Variance
	Actual	Actual	Budget	Over (Under)
Receipts				
Ad valorem tax	\$ 1,233	\$ 3,419	\$ 3,493	\$ (74)
Motor vehicle tax	189	209	280	(71)
Miscellaneous income	401	601	200	401
	<u>1,823</u>	<u>4,229</u>	<u>\$ 3,973</u>	<u>\$ 256</u>
Expenditures				
Capital Outlay	944	-	2,500	(2,500)
Insurance	2,245	2,245	2,300	(55)
	<u>3,189</u>	<u>2,245</u>	<u>\$ 4,800</u>	<u>\$ (2,555)</u>
Receipts Over (Under) Expenditures	(1,366)	1,984		
Unencumbered Cash, Beginning	<u>3,576</u>	<u>2,210</u>		
Unencumbered Cash, Ending	<u>\$ 2,210</u>	<u>\$ 4,194</u>		

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-4**

**INDUSTRIAL DEVELOPMENT FUND**

		2015		
	2014			Variance
	Actual	Actual	Budget	Over (Under)
Receipts				
Ad valorem tax	\$ 2,566	\$ 9,324	\$ 9,531	\$ (207)
Motor vehicle tax	333	456	585	(129)
Interest	112	105	150	(45)
Total Receipts	<u>3,011</u>	<u>9,885</u>	<u>\$ 10,266</u>	<u>\$ (381)</u>
Expenditures				
Miscellaneous	-	-	1,000	(1,000)
Chamber of Commerce	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>\$ 11,000</u>	<u>\$ (1,000)</u>
Receipts Over (Under) Expenditures	(6,989)	(115)		
Unencumbered Cash, Beginning	<u>7,457</u>	<u>468</u>		
Unencumbered Cash, Ending	<u>\$ 468</u>	<u>\$ 353</u>		

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-5**

**SPECIAL HIGHWAY FUND**

		<u>2015</u>		
	2014			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over Over (Under)</u>
Receipts				
State of Kansas	<u>\$ 10,146</u>	<u>\$ 10,285</u>	<u>\$ 10,130</u>	<u>\$ 155</u>
Total Receipts	<u>10,146</u>	<u>10,285</u>	<u>\$ 10,130</u>	<u>\$ 155</u>
Expenditures				
Street Repair & Maintenance	<u>10,815</u>	<u>10,210</u>	<u>10,210</u>	<u>-</u>
Total Expenditures	<u>10,815</u>	<u>10,210</u>	<u>\$ 10,210</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(669)	75		
Unencumbered Cash, Beginning	<u>3,278</u>	<u>2,609</u>		
Unencumbered Cash, Ending	<u>\$ 2,609</u>	<u>\$ 2,684</u>		

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures**

**Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-6**

**MCCRISTAL TRUST FUND**

	<u>2014 Actual</u>	<u>2015 Actual</u>
Receipts		
Donation	<u>\$    4,526</u>	<u>\$    4,731</u>
Total Receipts	<u>4,526</u>	<u>4,731</u>
Expenditures		
Disbursements	<u>15,351</u>	<u>4,548</u>
Total Expenditures	<u>15,351</u>	<u>4,548</u>
Receipts Over (Under) Expenditures	(10,825)	183
Unencumbered Cash, Beginning	<u>10,825</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$        -</u></u>	<u><u>\$      183</u></u>

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget**

**Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-7**

**ELECTRIC UTILITY**

		<u>2015</u>		
	2014			Variance
	Actual	Actual	Budget	Over
				(Under)
Receipts				
Interest	\$ 639	\$ 609	\$ 1,100	\$ (491)
Sales	568,748	597,657	798,000	(200,343)
Miscellaneous	691	1,343	1,000	343
Total Receipts	<u>570,078</u>	<u>599,609</u>	<u>\$ 800,100</u>	<u>\$ (200,491)</u>
Expenditures				
Personal services	49,100	76,982	112,110	(35,128)
Contractual	481,512	492,277	581,750	(89,473)
Commodities	14,015	16,701	17,000	(299)
Capital outlay	31,700	-	85,455	(85,455)
Debt Payment	17,396	-	-	-
Transfer to General	40,000	-	55,000	(55,000)
Transfer to Electric Reserve	18,000	-	20,000	(20,000)
Total Expenditures	<u>651,723</u>	<u>585,960</u>	<u>\$ 871,315</u>	<u>\$ 285,355</u>
Receipts Over (Under) Expenditures	(81,645)	13,649		
Unencumbered Cash, Beginning	<u>188,774</u>	<u>107,129</u>		
Unencumbered Cash, Ending	<u>\$ 107,129</u>	<u>\$ 120,778</u>		

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget**

**Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-8**

**SEWER UTILITY FUND**

		<u>2015</u>		Variance Over (Under)	
	2014 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>		
Receipts					
Sales	\$ 63,004	\$ 67,272	\$ 70,000	\$ (2,728)	
Total Receipts	<u>63,004</u>	<u>67,272</u>	<u>\$ 70,000</u>	<u>\$ (2,728)</u>	
Expenditures					
Personal services	38,409	47,966	47,369	597	
Contractual services	22,442	3,026	11,035	(8,009)	
Commodities	7,444	5,033	5,200	(167)	
Capital outlay	<u>-</u>	<u>-</u>	<u>19,363</u>	<u>(19,363)</u>	
Total Expenditures	<u>68,295</u>	<u>56,025</u>	<u>\$ 82,967</u>	<u>\$ (26,942)</u>	
Receipts Over (Under) Expenditures	(5,291)	11,247			
Unencumbered Cash, Beginning	<u>9,650</u>	<u>4,359</u>			
Unencumbered Cash, Ending	<u>\$ 4,359</u>	<u>\$ 15,606</u>			

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures - Actual and Budget**

**Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-9**

**WATER UTILITY FUND**

		2015		
	2014			Variance
	Actual	Actual	Budget	Over (Under)
Receipts				
Sales	\$ 89,224	\$ 84,876	\$ 11,000	\$ 73,876
Connection Fees	1,600	750	-	750
	<u>90,824</u>	<u>85,626</u>	<u>\$ 11,000</u>	<u>\$ 74,626</u>
Total Receipts				
Expenditures				
Personal services	48,674	56,544	71,111	(14,567)
Contractual	8,470	11,891	2,300	9,591
Commodities	10,416	14,670	14,800	(130)
Capital outlay	13,000	-	66,832	(66,832)
Transfer to Water Reserve	10,000	-	10,000	(10,000)
	<u>90,560</u>	<u>83,105</u>	<u>\$ 165,043</u>	<u>\$ (81,938)</u>
Total Expenditures				
Receipts Over (Under) Expenditures	264	2,521		
Unencumbered Cash, Beginning	<u>49,454</u>	<u>49,718</u>		
Unencumbered Cash, Ending	<u>\$ 49,718</u>	<u>\$ 52,239</u>		



# CITY OF LUCAS, KANSAS

## Schedule of Receipts and Expenditures - Actual and Budget Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

Schedule 2-10

### SANITATION UTILITY FUND

		2015		Variance
	2014			Over
	Actual	Actual	Budget	(Under)
Receipts				
Collections	\$ 49,492	\$ 46,500	\$ 50,000	\$ (3,500)
Total Receipts	<u>49,492</u>	<u>46,500</u>	<u>\$ 50,000</u>	<u>\$ (3,500)</u>
Expenditures				
Contractual services	56,054	45,780	49,000	(3,220)
Capital Outlay	-	-	11,638	(11,638)
Miscellaneous	<u>-</u>	<u>1,050</u>	<u>50</u>	<u>1,000</u>
Total Expenditures	<u>56,054</u>	<u>46,830</u>	<u>\$ 60,688</u>	<u>\$ (13,858)</u>
Receipts Over (Under) Expenditures	(6,562)	(330)		
Unencumbered Cash, Beginning	<u>10,393</u>	<u>3,831</u>		
Unencumbered Cash, Ending	<u>\$ 3,831</u>	<u>\$ 3,501</u>		

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures**

**Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-11**

**ELECTRIC RESERVE FUND**

	<u>2014 Actual</u>	<u>2015 Actual</u>
Receipts		
Transfer from Electric	<u>\$ 18,000</u>	<u>\$ -</u>
Total Receipts	<u>18,000</u>	<u>-</u>
Expenditures		
Capital Outlay	<u>3,280</u>	<u>-</u>
Total Expenditures	<u>3,280</u>	<u>-</u>
Receipts Over (Under) Expenditures	14,720	-
Unencumbered Cash, Beginning	<u>22,000</u>	<u>36,720</u>
Unencumbered Cash, Ending	<u><u>\$ 36,720</u></u>	<u><u>\$ 36,720</u></u>

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures**

**Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-12**

**SEWER RESERVE FUND**

	<u>2014 Actual</u>	<u>2015 Actual</u>
Receipts		
Transfer from Sewer	<u>\$ -</u>	<u>\$ -</u>
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Capital Outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>2,000</u>	<u>2,000</u>
Unencumbered Cash, Ending	<u><u>\$ 2,000</u></u>	<u><u>\$ 2,000</u></u>

**CITY OF LUCAS, KANSAS**

**Schedule of Receipts and Expenditures  
Regulatory Basis**

**For the Year Ended December 31, 2015**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)**

**Schedule 2-13**

**WATER RESERVE FUND**

	<u>2014 Actual</u>	<u>2015 Actual</u>
Receipts		
Transfer	<u>\$ 10,000</u>	<u>\$ -</u>
Total Receipts	<u>10,000</u>	<u>-</u>
Expenditures		
Capital Outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	10,000	-
Unencumbered Cash, Beginning	<u>12,000</u>	<u>22,000</u>
Unencumbered Cash, Ending	<u><u>\$ 22,000</u></u>	<u><u>\$ 22,000</u></u>